



The Commonwealth of Massachusetts
Office of the Comptroller
One Ashburton Place, Room 901
Boston, Massachusetts 02108

MARTIN J. BENISON
COMPTROLLER

PHONE (617) 727-5000
FAX (617) 727-2163
www.mass.gov/osc

MMARS Policy: Accounts Receivable

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Debt Collection Policy

Executive Summary

Departments are responsible for making diligent efforts to collect accounts receivable for the Commonwealth, including pursuing all available collection methods such as intercept and debt collection. This policy outlines the key responsibilities related to debt collection.

Considerations

MMARS is the official record of the Commonwealth for receivable and customer information. Departments must take special care to ensure that the information that is entered into MMARS for any receivable is accurate and complete.

Policy

In accordance with [815 CMR 9.00: Collection of Debts](#) departments must make all reasonable efforts to collect an outstanding debt. Departments should be in compliance with the Accounts Receivable policy that pertains to a debt that is less than 120 days overdue.

Intercept and outside debt collection are available to departments that continue to carry accounts receivables that are more than 120 days old. Departments can send these debts to both Intercept and debt collection agencies simultaneously. Intercept is described in [Intercept Policy](#). Departments wishing to pursue outside debt collection should use the Statewide Debt Collection Contract, which contains a list of approved debt collection agencies. Prior to initiating outside debt collection efforts, the department must notify the debtor of its intent to pursue the debt through the use of outside debt collection agencies.

Collection agreement records are established on the MMARS Collection Agency Agreement (COLLA) table. After departments manually enter or interface Receivable Event (RE) documents, REs aged past a pre-defined number of days after the due date are loaded to the Collection Agency Referral (COLLR) table. When the department sees that a receivable has become eligible for debt collection on COLLR, it can change the collection status field from "not applicable" to "approved for collection". A Referral to Collection Agency (CL) document is then automatically created. As the RE is still open, aging and finance charges may continue to accrue. After the CL documents are processed by the system, departments can generate and send reports containing these CL documents to the collection agencies.

When it is considered to be in the best interest of the Commonwealth, the Office of the Comptroller (CTR) may refer past due receivables to the Attorney General's Office (AGO). AGO is authorized to litigate in court, or to settle out of court, with any debtor who owes the Commonwealth after other methods of collection have been exhausted.

Electronic signature and Department Head Authorization of MMARS documents

Electronic signatures are limited to MMARS documents. **Electronic signatures cannot yet be used for contracts, amendments or underlying supporting documentation.** With the implementation of the MMARS accounting system the CTR is aligning electronic security with department Head Signature Authorization (DHSA) in fiscal year 2005 in order to take advantage of electronic signatures for MMARS processing. Every MMARS action must be confirmed/authorized by the department head or an authorized signatory. Department head authorization can be accomplished in one of two ways:

- **Administrator Security with DHSA.** If the employee (Administrator - system processor) who submits a document to final status is a department head authorized signatory, the data in the MMARS system will be sufficient documentation. MMARS will retain the record copy of the document.
 - **Recording Doc Id on all supporting documentation.** Since there is no paper copy required for the MMARS document, the department will be required to include the MMARS Document Identification number (Doc ID) on all supporting documentation to "match" the supporting documentation with the electronic record of the MMARS document, which will reside on MMARS. Recording the Doc ID on all supporting documentation can be accomplished by entering the MMARS it on the first page of the supporting documentation, or, by entering the Doc ID on a MMARS **Document Authorization/Records Management Form**. The form will act as the cover sheet to the supporting documentation, for records management purposes.

- **Administrator Security without DHSA.** If the employee (Administrator - system processor) who will be submitting a document to final status is not a department head authorized signatory, the Administrator must obtain a live (“wet”) signature from an authorized signatory approving the document **PRIOR** to submitting the document to final status in MMARS.
 - ***Review of document and supporting documentation.*** Since a department head is required to authorize the official record of a MMARS document, which is what **actually appears in the MMARS system**, departments must ensure that individual who authorizes the document has reviewed the document and related supporting documentation, prior to authorization.
 - ***Written authorization.*** The written authorization may appear on a screen-print of the document as entered and validated, but prior to final submission, or on a [MMARS Document Authorization/Records Management Form](#) prescribed by CTR, to capture the prior authorization for documents.
 - ***Filing of authorization with supporting documentation.*** Authorization documentation must be kept on file at the department along with the record copy of other supporting documentation related to the MMARS document. See [Records Management](#) below.

What does electronic signature of a MMARS document mean?

When a department electronically submits a document to final status in MMARS, the department head is certifying to the Comptroller that the individual, on behalf of the department head, understands that their UAID (universal access identification) is being recorded for any entries made in the MMARS system **and that** that individual certifies under the pains and penalties of perjury that:

- it is their intent to attach an electronic signature approval and date to the MMARS document, **and that**
- they are either an authorized signatory of the department head who is authorized to approve the MMARS document as part of the department Internal Control Plan, **OR**
- that the document they are processing and any supporting documentation have been approved by an authorized signatory of the department head, secretariat and any other required prior approval (including secretariat signoff if required) and a copy of these approvals are available at the department referencing the MMARS document number, **and that**
- any expenditure or other obligation is supported by sufficient available legislatively authorized funds and is in accordance with the department’s enabling legislation and funding authority; **and that**

- the MMARS document and any underlying supporting documentation are accurate and complete and comply with all applicable general and special laws, regulations and policies including public record retention and disposal requirements.

Records Management

The department is the keeper of the official record copy of all receivable information. MMARS is the official record of the receivables entered by the department, and will supersede any paper copies of the same information. The department must maintain any supporting or back up documentation related to a receivable entered in MMARS. A department is responsible for retaining and archiving receivable records, in accordance with the disposal schedules, issued by the Secretary of State Records Conservation Board.

Internal Controls

Under construction. See Accounts Receivable - Internal Controls – Revenue.

Information Sources

- Related Procedure – Under construction
- Related Policies:
 - Department Head Signature Authorization
 - Electronic Signatures for MMARS Documents
 - Accounts Receivable - Vendor/Customer Set up
 - Accounts Receivable – Intercept
 - Accounts Receivable – Payment Plans
 - Accounts Receivable – Cash Recognition
 - Accounts Receivable – Receivable Recognition and Reconciliation
 - Accounts Receivable – Lockbox Policy
 - Accounts Receivable – Electronic Payments
 - Accounts Receivable – Invoice Statements
 - Accounts Receivable – Delinquent Debt Cycle
 - Accounts Receivable – Third Party and Multiple Third Party Billing
 - Accounts Receivable – Receivable Renewals
 - Accounts Receivable - Internal Controls – Revenue.
- Legal Authority - [M.G.L. c. 7A](#); [M.G.L. c. 29](#); [M.G.L. c. 30, §. 27](#); [M.G.L. c. 10, § 17B](#); [M.G.L. c. 29, § 29D](#); [M.G.L. c. 7A, § 3](#); Massachusetts Constitution [Article LXIII Section 1](#); [815 CMR 9.00: Collection of Debts](#); [M.G.L. c. 7A § 18](#).
- Attachments - None
- Links – [815 CMR 9.00: Collection of Debts](#); [Intercept Policy](#)
- Contacts – [CTR Help Desk](#)

Revisions

November 1, 2006 – Removed language referencing Knowledge Center and updated relevant links to Mass.gov portal site.